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Executive Director

ARIZONA CORPORATION COMMISSION

January 16, 2007

Chairman Joseph T. Kelliher
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Market Redesign Technical Upgrade ("MRTU") Seams Technical Conference in Phoenix

Dear Chairman Kelliher:

On behalf of the Arizona Corporation Commission ("ACC"), we would like to thank the Federal Energy Regulatory Commission ("FERC") for sponsoring the December 14 and 15, 2006 Conference on MRTU Seams issues here in Phoenix. Several of us from the ACC attended the discussions and we found the proceedings very informative and productive. As was determined at the Conference, there are immediate and long term issues that need to be further addressed for a successful MRTU implementation, and the actions you and the other FERC Commissioners noted in your comments will be important components for resolving or managing these issues and avoiding unintended consequences.

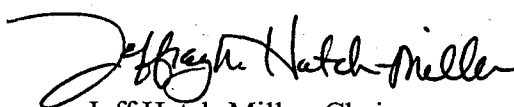
With regard to further action by FERC and affected parties in this proceeding, the ACC supports the approach of "facilitated discussion on Seams issues" as you noted in your closing remarks. We, therefore, respectfully suggest that an appropriate and effective "process manager" for resolving or managing Seams issues would utilize an existing regional electric utility organization with Seams related expertise. The Western Electricity Coordinating Council ("WECC") meets these requirements and is our recommendation, especially in light of the time constraints anticipated. We also respectfully suggest the selected process manager should follow the steps described below to accomplish the overall goal of resolving or managing Seams issues:

- 1) Establish and submit goals and objectives to FERC.
- 2) Determine and solicit appropriate participation.
- 3) Identify and prioritize issues.
 - Immediate issues for MRTU implementation
 - Long term issues before and after MRTU implementation
- 4) Develop and implement work plans.
- 5) Report quarterly to FERC on progress identifying accomplishments and problems.
- 6) Cease FERC reporting after primary objectives are met.

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Again, we appreciate FERC's commitment to work with the affected states and parties to ensure that all Seams issues are addressed and we look forward to continued dialogue on this matter.

Sincerely,



Jeff Hatch-Miller, Chairman



William A. Mundell, Commissioner



Mike Gleason, Commissioner



Kristin K. Mayes, Commissioner



Gary Pierce, Commissioner

Cc: Brian McNeil
Ernest G. Johnson
Chris Kempley